36. Ministers thanked the Government of India for the efforts deployed to organise this Meeting and for the warm hospitality of the Indian people.

Sick state of handicraft industry

*393. SHRI N.R. GOVINDRAJAR: Will the Minister of TEXTILES be pleased to state:

(a) whether it is a fact that handicraft industry is constantly becoming sick due to its unorganized set up under Textiles Ministry;

(b) if so, the details thereof; and

(c) the reasons for sickness of handicraft industry and the concrete steps taken by the Government to organize this industry?

THE MINISTER OF TEXTILES (SHRI SHANKERSINH VAGHELA): (a) No, Sir. The progress made by the handicrafts sector can be seen from the increasing trend of exports of handicrafts and hand-knotted carpets since 2001-02, which is as under:

(Rs. in crores)

Sl.No.	Year	Exports	% Growth in export
1.	2001-2002	9205.63	—
2.	2002-2003	10933.67	+18.77
3.	2003-2004	12765.18	+16.75
4.	2004-2005	15255.90	+19.51

(b) and (c) Do not arise.

Disapproval of WTO of subsidies to domestic cotton growers by US

*394. SHRI MANOJ BHATTACHARYA:
SHRI N.K. PREMACHANDRAN:

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the WTO appellate body has upheld a ruling disapproving the action of the Government of the USA providing huge export subsidies to the domestic cotton growers; and

(b) if so, the details thereof and the reaction of the Government thereto?

THE MINISTER OF COMMERCE AND INDUSTRY (SHRI KAMAL NATH): (a) Yes, Sir. The Appellate Body in the WTO has upheld the findings of the Panel established by the Dispute Settlement Body on Brazil's claims against U.S. subsidies to its cotton growers.

(b) In September, 2002 the Government of Brazil had sought consultations with the US regarding certain subisidies provided by US to its producers, users and exporters of upland cotton. After consultations, on Brazil's request, a Panel was established by the Dispute Settlement Body (DSB) on March 18, 2003 to consider claims regarding varous US measures that Brazil alleged constituted actionable or prohibited subsidies within the meaning of the *Agreement on Subsidies and Countervailing Measures,* export subsidies within the meaning of *Agreement on Agriculture* and/or subsidies actionable under Article XVI of the General Agreement on Trade and Tariff (GATT) 1994. The Panel ruled on 18 June, 2004 that the U.S. cotton subsidies violated the obligations of the United States under the Agreement on Agriculture and the Agreement on Subsidies and Countervailing Measures. Broadly, the Panel had found that U.S. cotton subsidy programmes provided prohibited and actionable subsidies, contrary to WTO rules. The US had appealed the findings of the Panel. In its report made public on March 3, 2005, the Appellate Body has upheld or modified Panel findings.

The Appellate Body has recommended that the DSB request the US to bring its measure, found in its report and in the Panel report as modified by the Appellate Body report, to be inconsistent with the Agreement on Agriculture and the Agreement on Subsidies and Countervailing Measures, into conformity with its obligations under those Agreements.

On 21 March, 2005 the DSB has adopted the Appellate Body and Panel reports. Panel and Appellate Body findings are applicable only to the parties of the dispute. India has joined this dispute as a Third Party. In accordance with the WTO provisions the US will be required to implement the DSB decision within a Reasonable Period of Time (RPT).

At the recent G-20 Ministerial Meeting held in New Delhi on 18-19 March 2005, Ministers expressed satisfaction with the Appellate Body decision on cotton which substantiates the need for urgent reform of trade

distorting measures in agricultural trade which have such a negative impact on developing countries.

Allocation of funds for Mega Power Projects

†*395. SHRI MOTILAL VORA: Will the Minister of POWER be pleased to state:

(a) whether Government propose to launch mega projects in view of the requirements of the power in the country;

(b) if so, the details of the projects; and

(c) the funds likely to be allocated by Government for the implementation of these projects?

THE MINISTER OF POWER (SHRI P.M. SAYEED): (a) and (b) The Mega Power Projects Policy, to incentivise development of large projects, was first announced in 1995 and has been revised from time to time.

As per the latest amendment to the policy in March, 2003, all inter-state projects which, *inter-alia, fulfil* the basic criteria of minimum threshold capacity of 1000 MW for thermal and 500 MW for hydel proejcts, are eligible for the customs duty waiver subject to meeting conditions laid down in the policy.

Lists of projects under implementation by the Central Power Sector Undertakings (CPSUs) and private sector eligible for benefits under the mega policy are given in the Statement I and II (*See* below).

(c) Power Projects are generally funded on a debt-equity ratio of 70:30. While debt is raised by the project developing organizations in the finanical market, Government of India provides the equity for CPSUs to the extent they require. National Thermal Power Corporation funds its own equity requirements. In the case of private power projects, the promoters arrange the equity. Gross budgetary supports during Tenth Plan provided for generation Central Public Sectors Companies, is given in Statement-III.

†Original notice of the question was received in Hindi.